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ANALOG DEVICES, INC. and
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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

NUMBER 14 B.V.,

Plaintiff,

v.

ANALOG DEVICES, INC.; and MAXIM
INTEGRATED PRODUCTS, INC.

Defendants.

ANALOG DEVICES, INC.; and MAXIM
INTEGRATED PRODUCTS, INC.,

Counterclaimants,

v.

NUMBER 14 B.V., RUDY ESCHAUZIER,
and NICO VAN RIJN,

Counter-Defendants.

Case No.: 5:24-cv-02435-EKL

**DEFENDANTS AND
COUNTERCLAIMANTS' REPLY TO
PLAINTIFF'S OPPOSITION TO
MOTION TO STAY PENDING *INTER
PARTES* REVIEW**

Date: May 14, 2025
Time: 10:00 a.m.
Dept: Courtroom 7, 4th Floor
Judge: Hon. Eumi K. Lee

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1 **I. INTRODUCTION**

2 Staying this action pending resolution of ADI's IPRs will conserve both judicial and party
3 resources. IPRs offer a timely, cost-effective alternative to litigation, alleviating the Court's
4 docket and promoting the efficient resolution of patent invalidity by the USPTO. If not stayed,
5 patent invalidity will become issues in this action and before the USPTO simultaneously¹. This
6 scenario underscores the very purpose of IPRs, to eliminate litigating invalidity in multiple
7 forums, making the request for a stay appropriate and aligned with the goals of judicial efficiency.

8 **II. ARGUMENT**

9 **A. A Set Trial Date is Only One of Many Factors in Issuing a Stay.**

10 Number 14 incorrectly relies on the existence of a trial date as to whether the case is ripe
11 for trial. No case cited by Number 14 hinges on the existence of a trial date as to whether to stay a
12 trial. *See Advanced Analogic Techs., Inc. v. Kinetic Techs., Inc.*, No. C-09-1360 MMC, 2009 U.S.
13 Dist. LEXIS 122229, at *5 (N.D. Cal. Dec. 15, 2009). Rather, courts evaluate the entire litigation
14 process, particularly as to the patent-related claims, not just the proximity of the trial date. *Id.*; *see*
15 *also Affinity Labs of Tex. LLC v. Samsung Elecs. Co.*, No. 14-CV-2717 YGR, 2014 U.S. Dist.
16 LEXIS 105850 (N.D. Cal. Aug. 1, 2014); *Network Appliance, Inc. v. Sun Microsystems, Inc.*, No.
17 C-07-06053 EDL, 2010 U.S. Dist. LEXIS 20732 (N.D. Cal. Feb. 11, 2010). Rather than relying
18 on just a trial date, courts look to the status of discovery and pretrial proceedings to see how ready
19 the matter is for trial. *Id.*; *see Affinity Labs of Tex. LLC*, No. 14-CV-2717 YGR, 2014 U.S. Dist.
20 LEXIS 105850, at *13. Here, fact discovery is far from complete, expert discovery has yet to
21 begin, dispositive motions have yet to be filed, and the trial itself is still over a year away.

22 Moreover, the existing case schedule will need to change as pleadings are not settled.
23 There is a pending Motion to Dismiss, and Plaintiff has indicated further motion practice will
24 occur after Defendants amend their Counterclaims following the Court's ruling on the Motion to
25 Dismiss. (ECF 43.) Realistically, pleadings will not be settled until late summer or fall, 2025,
26 and discovery will be required on issues raised in those pleadings. Thus, Defendants anticipate

27 _____
28 ¹ ADI and Maxim previously communicated to both the Court and Plaintiff the preference to
amend and add these counterclaims following the Court's ruling on Plaintiff's Motion to Dismiss,
which is the sole reason these counterclaims have not been added to the pleadings.

fact discovery will not be completed until late 2025 or early 2026, and trial will need to be reset correspondingly. *See Delphix Corp. v. Actifio, Inc.*, No. 13-cv-04613-BLF, 2014 U.S. Dist. LEXIS 160372, at *6 (N.D. Cal. Nov. 13, 2014) (even actions more than a year old can still be in the “early stages due to several rounds of motions to dismiss and an addition of an increasing number of claims and issues to the case.”). Given these circumstances, the trial date alone does not reflect the progression of this action. Rather, “instituting a brief, limited stay of approximately five months to see whether and how the PTAB will act on Defendant’s IPR petitions will conserve judicial resources and avoid inconsistent results.” *Delphix Corp.*, No. 13-cv-04613-BLF, 2014 U.S. Dist. LEXIS 160372, at *8.

Moreover, a “mere delay in litigation does not establish undue prejudice.” *Universal Elecs., Inc. v. Universal Remote Control, Inc.*, 943 F. Supp. 2d 1028, 1033 (C.D. Cal. 2013). Even when a trial date has been set and a “Plaintiff does not assert any prejudice except that Defendants delayed in filing their petitions [whereas] Defendants will be prejudiced by having to litigate claims that may be canceled or amended.” *Anza Tech., Inc. v. Toshiba Am. Elec. Components Inc.*, No. 17-CV-07289-LHK, 2018 U.S. Dist. LEXIS 220978, at *6 (N.D. Cal. Sep. 28, 2018). “[C]ourts have consistently found that a patent licensor cannot be prejudiced by a stay because monetary damages provide adequate redress.” *Affinity Labs of Tex. LLC*, No. 14-CV-2717 YGR, 2014 U.S. Dist. LEXIS 105850, at *19. As in *Anza*, litigating based on claims that may be canceled causes actual undue prejudice to ADI/Maxim and delay will not prejudice Number 14. Therefore, given the stage of litigation and lack of prejudice, a stay is appropriate.

B. ADI/Maxim is A Licensee And Can Challenge Validity of The Patents

Number 14 cannot assert assignor estoppel as a defense to challenging the validity of the patents. Assignor estoppel prevents a party who assigns a patent from later challenging the validity of the patent. *Mentor Graphics Corp. v. Quickturn Design Sys.*, 150 F.3d 1374, 1379 (Fed. Cir. 1998). This doctrine prevents a party from “sell[ing] something and later [asserting] that what was sold is worthless.” *Id.* at 1377. Section 2.2 (grants Maxim the ability to decide patent prosecution strategy) does not justify “assignor estoppel,” as ADI/Maxim never “sold” any patents. There is no “assignor estoppel” here.

The Supreme Court and strong public policy authorize ADI/Maxim to contest the licensed patents' validity. *Lear, Inc. v. Adkins*, 395 U.S. 653, 670-671 (1969). Licensees may always challenge patent validity because "[l]icensees may often be the only individuals with enough economic incentive to challenge the patentability of an inventor's discovery. If they are muzzled, the public may continually be required to pay tribute to would-be monopolists without need or justification." *Id.* at 670; see *Cordis Corp. v. Medtronic, Inc.*, 780 F.2d 991, 994 (Fed. Cir. 1985).

The License Agreement does not contradict the policy allowing challenges to Plaintiff's patents. The License Agreement does not prohibit challenging patent validity. Number 14's reliance on Section 8.2 is misdirected as it does not state that ADI/Maxim are not permitted to challenge patent validity. Plaintiff's attempt to morph Section 8.2 into an estoppel would require conflating licensees with assignors. The Federal Circuit has expressly distinguished assignors from licensees. See *Mentor Graphics Corp. v. Quickturn Design Sys.*, 150 F.3d 1374, 1378 (Fed. Cir. 1998) (citing to *Diamond Sci. Co. v. Ambico, Inc.*, 848 F.2d 1220, 1224 (Fed. Cir. 1988)). Therefore, ADI cannot be estopped from challenging Number 14's patents and a stay is proper.

C. Patent Issues Are Directly Related to The Current Litigation

Inapposite to Plaintiff's primary argument, the patent validity challenged in the IPRs is related to the current licensing dispute. Plaintiff's examples of "needless delay" are inapplicable here. See *Carl Zeiss A. G. v. Nikon Corp.*, No. 2:17-cv-03221-RGK-MRW, 2018 U.S. Dist. LEXIS 199080, at *4-5 (C.D. Cal. Feb. 9, 2018). Number 14's right to receive royalties is expressly conditioned on use of valid patent claims in amplifier product. ECF 3, Exh. 1, Exh. A, § 3.1; ECF 96 at 5:19-6:11. Number 14 ignores ADI's discussion of Section 3.1 entirely, arguing instead that the IPRs will not dispose of any issues because ADI only seeks to invalidate some patent claims, not all. ECF 109 at 8:10-13. However, ADI's defense includes that products do not utilize any valid patent claims. No royalties will be owed following the IPRs if no valid patent claims are utilized in ADI's amplifiers. Thus, the IPRs will resolve whether royalties are owed or any breach has occurred, addressing most if not all issues raised in Plaintiff's Complaint.

The IPRs will unquestionably simplify central issues in this case. Plaintiff's reliance on *Tokuyama Corp. v. Vision Dynamics, LLC*, No. C 08-2781SBA, 2008 U.S. Dist. LEXIS 82732, at

*8 (N.D. Cal. Oct. 2, 2008) fails to consider that “a major ‘purpose of the reexamination procedure is to eliminate trial of that issue (when the claim is canceled) or facilitate trial of that issue by providing the district court with the expert view of the [USPTO] (when a claim survives the reexamination proceedings).’” *Id.* (citing to *eSoft, Inc. v. Blue Coat Sys.*, 505 F. Supp. 2d 784, 787 (D. Colo. 2007).) This Court has not yet assessed any of the patent claims directly or indirectly. The USPTO’s determination *can* resolve issues of whether royalties are actually owed to Number 14. The USPTO is positioned to ensure an informed and consistent resolution of patent validity disputes. *See id.* at *8 – 9; *see also Viavi Sols., Inc. v. Platinum Optics Tech., Inc.*, No. 5:20-cv-05501-EJD, 2021 U.S. Dist. LEXIS 90965, at *4 (N.D. Cal. May 11, 2021)(IPRs covering some but not all asserted patent claims have “the potential to streamline the case significantly. A stay is also likely to avoid inconsistent results”).

It is ironic that Number 14 objects to ADI’s reliance on patent infringement cases, as Number 14 relies on the same category of cases. *See* ECF 109 at 3:13-15. The fact that the action is not a patent infringement case is irrelevant, as patent validity is central to Plaintiff claims, as described above. Accordingly, a resolution of patent validity is essential and justifies a stay.

Furthermore, as Number 14 acknowledged, the Court has discretion in determining whether to grant a stay. *See Tokuyama Corp.*, No. C 08-2781SBA, 2008 U.S. Dist. LEXIS 82732, at *5. As in ADI’s Motion, there is substantial precedent *within the Northern District* to stay cases prior to the institution of the IPRs. *See, e.g., Viavi Sols., Inc.*, No. 5:20-cv-05501-EJD, 2021 U.S. Dist. LEXIS 90965, at *3-4; *Finjan, Inc. v. Symantec Corp.*, 139 F. Supp. 3d 1032, 1035 (N.D. Cal. 2015); *Evolutionary Intel. LLC v. Yelp Inc.*, No. C-13-03587 DMR, 2013 U.S. Dist. LEXIS 178547, at *21 (N.D. Cal. Dec. 18, 2013).

Lastly, there is no war of attrition here. ADI has a right to move for a stay, customary in cases involving IPRs.² As mentioned, “a patent licensor cannot be prejudiced by a stay because monetary damages provide adequate redress for infringement.” *Affinity Labs of Tex. LLC*, No. 14-CV-2717 YGR, 2014 U.S. Dist. LEXIS 105850, at *19. Unlike in *Tokuyama*, where “[r]egardless of the result of the reexamination,” there would not be a final resolution of several antitrust

² This is demonstrated by the numerous case citations provided by both parties.

claims, a decision on the IPRs will streamline litigation and promote judicial efficiency by ensuring that the Court’s consideration of remaining issues is based on the USPTO’s experienced determination of patent validity. Additionally, the relationship between the parties weighs in favor of granting the stay. The parties are not direct competitors, as Number 14 is a non-practicing entity and monetary damages can adequately compensate Number 14 in the end. Granting a stay would also reduce legal fees for all parties, and conserve judicial resources.

D. ADI/Maxim Will Suffer Irreparable Harm If Escrow Is Denied

ADI/Maxim will suffer irreparable harm if the escrow is denied and Plaintiff wholly fails refute this. *See, e.g., Cordis Corp. v. Medtronic, Inc.*, 780 F.2d 991, 996 (Fed. Cir. 1985). In *Warner-Jenkinson Co. v. Allied Chem. Corp.*, 567 F.2d 184, 188 (2d Cir. 1977), escrow was denied because licensees “continue to invoke the protections of their licensing agreements” and based on fairness, should not “simultaneously to reap all the benefits of the license agreement and to deprive the licensor of all his royalties.”

This case differs from *Warner-Jenkinson Co.* as no royalties would be owed if ADI/Maxim’s products do not utilize any valid patent claims from Number 14’s patents. Number 14, a Dutch entity, is owned by Dutch residents and is a holding company created to collect royalties. ECF 97, ¶ 23. The Inventors claim they cannot be brought into this forum due to their residence. ECF 97, ¶ 27; ECF 43. There is nothing preventing the Inventors from liquidating the foreign entity at any point, foreclosing ADI/Maxim’s recovery of the FY2024 royalty payments if the patents are invalidated. Therefore, ADI/Maxim request the Court stay their obligation to pay royalties while litigation is pending, conditioned upon ADI/Maxim depositing the disputed amount into an interest-bearing escrow account. ADI/Maxim is also amenable to creating an escrow account set up by Number 14’s counsel, with full disclosure of the set-up process and escrow instructions to release funds upon the Court’s order.

III. CONCLUSION

For the foregoing reasons, ADI/Maxim respectfully request the Court stay this Action.

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1 Dated: February 26, 2025

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